

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6517**

**BILL NUMBER:** SB 252

**NOTE PREPARED:** Dec 26, 2011

**BILL AMENDED:**

**SUBJECT:** Charity Gaming.

**FIRST AUTHOR:** Sen. Tomes

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill adds a bona fide national foundation to the types of organizations that may become qualified organizations for purposes of the charity gaming laws. It defines a member of a bona fide national foundation. It reduces the number of years that an organization must exist in Indiana to become a qualified organization from five years to three years. It provides that: (1) qualified organizations may conduct raffles without obtaining a license; (2) unlicensed charity gaming events are not considered allowable events; removing such events from the application of the regulatory statutes governing allowable events; and (3) the criminal laws concerning gambling do not apply to participants in an unlicensed charity gaming event. It repeals the single event raffle license and the annual raffle license and makes conforming changes.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** *Summary* - The bill makes the following changes.

(1) The bill allows certain national foundations (see definition below) to be qualified organizations for the purpose of conducting charity gaming, repeals the single event and annual licenses for a qualified organization to conduct raffles, and allows a qualified organization to conduct raffle events without a license. It is estimated that eliminating the single event and annual raffle licenses could potentially reduce revenue from charity gaming license fees by about \$50,000 annually beginning in FY 2013.

(2) The bill reduces the requirement for an organization to have existed in Indiana before obtaining a charity

gaming license. This change could potentially lead to an increase in charity gaming licenses being issued by the IGC. If charity gaming conducted by these additional licensees doesn't displace spending on charity gaming events held by other organizations, the changes in the bill could lead to a marginal increase in revenue from charity gaming license fees and the charity gaming excise tax.

*Background Information - Bona Fide National Foundation:* The bill defines a "bona fide national foundation" as an organization that: (1) was founded before 1995; (2) does not own real property in Indiana that is used to conduct allowable events; (3) operates without profit to the organization's members; (4) is a federally tax exempt organization; (5) is related in both its mission and organization to a bona fide national organization founded before 1995 that is a federally tax exempt organization; and (6) has provided grants to Indiana organizations in excess of \$50,000 in each of the three years preceding the organization submitting qualifications to conduct charity gaming events. An example of an organization that might qualify under this definition is the National Rifle Association.

*Raffle Licenses:* In FY 2010, 572 qualified organizations obtained raffle licenses. The organizations generated about \$7.2 M in adjusted gross revenue from raffles with license fees estimated to total about \$50,000. (Note: FY 2010 data is the most recent available by qualified organization.) In FY 2011, the charity gaming license fee generated about \$4.3 M. Revenue from the charity gaming license fee is distributed to the Charity Gaming Enforcement Fund. After (1) the costs of charity gaming administration are subtracted and (2) distributions are made to the License Control Division and the Gaming Control Division, revenue remaining in the Fund is distributed quarterly to the Build Indiana Fund.

*Organizational Existence Requirement:* The bill reduces from 5 years to 3 years the requirement that an organization be in existence in Indiana to obtain a charity gaming license. This change could increase the pool of Indiana organizations that could qualify for a charity gaming license. It is unknown how many additional organizations could, as a result, apply and be approved for a charity gaming license.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Gaming Commission.

**Local Agencies Affected:**

**Information Sources:** Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2011. Indiana Gaming Commission, *FY 2010 Charity Gaming Annual Report*.

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